

ALTERNATIVE FUELS RESEARCH AND EDUCATION DIVISION

PROPANE ALTERNATIVE FUELS ADVISORY COMMITTEE

June 13, 2007

Minutes

Members Present: Jay Briseno, Doug Garrett, Johnny Greenwood, Rick Maier, Mike Ross, James Williams

Members Absent: Paul Biney, Rick Byers, Dennis Dukes, Tom Granberry, Skeeter LaDue, Don Lewis, Doug Peck, Gregg Radley, Lorraine Urey, Shel Vedlitz

Guests: Joe Green, Mike Merwarth

Staff: Heather Ball, Rayfield Hearne, Steve Jaeger, Dan Kelly, Eileen Latham, Carmen Ledesma, Thomas Petru

Chairman Jay Briseno called the meeting to order at 9:02 a.m. in the Railroad Commission's Alternative Fuels Training Center, 6506 Bolm Road, Austin.

On motion of Mr. Williams (second by Mr. Maier), the minutes of the February 21, 2007, meeting were approved without amendment.

Director's Report

New member appointed. Mike Ross has joined the committee. Mike is a program manager with the Engine, Emissions and Vehicle Research Division of Southwest Research Institute in San Antonio. He currently manages PERC's ongoing research on propane fuel quality.

Delivery-fee collections. Collections have returned to near normal levels since mid-February. Through Friday, June 8, collections totaled \$1,758,594. This total is 3 percent lower than the 15-year average collections at this time of the fiscal year.

Legislation. One bill that directly affected AFRED was filed but did not pass.

In August 2006 the advisory committee recommended that the Texas Propane Gas Association seek to change the AFRED statute so that any unspent consumer rebate funds in a fiscal year would be dedicated to consumer rebates in the next fiscal year. HB 3929 by Rep. Myra Crownover would have accomplished this purpose. The bill passed the House and was reported from Senate committee but did not reach the Senate floor for a vote.

Research

2007 Propane Technology Forum. Commissioner Carrillo will introduce this year's Forum in Austin on Wednesday, September 12. Eighteen presenters, including committee member Mike Ross, Texas marketer Tony Dale, and Yvon Sellier, Director of Technology and Business Practices with the World LP-Gas Association, will discuss their recent work. Registration is free at www.propane.tx.gov. A draft agenda for the Forum was handed out to the members.

Proposals. AFRED has submitted a grant proposal to the U.S. Department of Agriculture to demonstrate a propane combined heat and power (CHP) system at a dairy farm in Rains County. Two other proposals will be submitted this month. One is to demonstrate ADEPT's Overfill Detection Instrument at motor-fuel installations in Texas. The other is to develop a commercial mower that meets EPA's 2011 emissions standards.

Training

Volunteer firefighter training. Since March 2005 AFRED training director Thomas Petru has conducted 65 classes and trained 1,559 firefighters from 213 departments statewide. 169 marketer co-sponsors and their staff have attended these classes. Classes will resume in July. Marketers wishing to co-sponsor classes should contact Thomas or their AFRED field representative.

Marketer training outlines. Two outlines for marketers' in-house training classes are posted online at www.propane.tx.gov. These outlines cover interruptions of service and gas leaks. We plan to post new outlines at the rate of about one per month over the next 12 months. Suggestions for topics to be covered in the series are welcome.

Customer safety bulletins. This month AFRED posted the first in a new series of one-page safety bulletins intended to help educate propane consumers. The first bulletin in the series covers the use and misuse of industrial truck cylinders. New bulletins will be posted at the rate of about one per month for the next 12 months. Suggestions for additional topics are welcome.

Regulatory update 6.1 classes. The next class will be held in Austin on September 13. Besides presentations from DOT, DPS and other agencies, the September 13 class will feature a demonstration of how to use the new marketer safety training outlines and a presentation by the U.S. Internal Revenue Service on how to access the federal Alternative Motor Vehicle Tax Credit. The credit covers 50 to 80 percent of the incremental cost of a new propane bobtail or other eligible propane vehicle.

Certification

2007 card renewals. Cease-operations letters were mailed June 8. AFRED has scheduled 22 classes from now through the end of July for individuals who missed their May 31 training or continuing-education deadline and want to restore their lapsed certification.

Examinations. AFRED will issue detailed study guides for each employee-level examinations by this fall. The Training Task Force will review the guides prior to publication. Once the guides are published, AFRED will look at the feasibility of offering exams at additional sites around the state electronically through a contract vendor, which would require setting a time limit on the exams. All employee-level exams will remain open-book until further notice.

Marketing

Forklift initiative. As of June 1, AFRED had issued \$5,058,660 in rebates from our \$8 million TCEQ grant. Grants issued so far have reduced NOx emissions in Texas' worst-polluted cities by 1,037 tons over the life of the new forklifts.

Forklift initiative amendment. AFRED is requesting an amendment to our contract with TCEQ that would allow us to offer rebates to purchasers of TERP-eligible propane equipment other than forklifts, e.g., school buses and mowers.

Federal motor-fuel tax credit. AFRED has continued to be a leading source of information for companies and public agencies seeking to claim the credit. Our pilot program is continuing with ComData, the State of Texas' credit-card issuer for fuel purchases, on applying the credit to propane purchases made with a state credit card.

IRS motor vehicle purchase tax credit. The IRS has approved a tax credit equal to 80 percent of the incremental cost of a new 8.1L LPI-equipped propane bobtail. The credit may also apply to purchases of other propane vehicles.

Marketing/Public Education

Marketing and Public Education Director Heather Ball reported as follows.

Progressive Farmer Magazine Idea Home. The luxury propane home that will be featured in the magazine is located in Fredericksburg, Texas. Richard Laughlin is the builder. Advisory Committee Member Skeeter LaDue is providing appliances and equipment; pictures will be included in the *Propane Insider* as they become available.

Homebuilder outreach. AFRED is entering its second year of partnership with the Texas Association of Builders. AFRED is working Advisory Committee Member Lorraine Urey and TAB to schedule seminars at TAB chapter meetings and honor propane builders at the TAB annual awards show. This year's TAB seminars will begin in August.

Federal motor-fuel incentives. Alvin ISD is the first public entity to receive an IRS refund check under the federal \$0.50/gallon motor fuel tax credit. Information about the credit is posted on AFRED's web site, www.propane.tx.gov. On September 13, Ms. Terri Harris with the IRS will be at the Regulatory Update class in Austin to explain the details of the separate Alternative Motor Vehicle Tax Credit program. The vehicle program is a tax credit available to purchasers of qualified LPG vehicles.

Forklift rebates. AFRED has awarded more than \$5 million of its \$8 million Texas Emissions Reduction Plan grant. A request to include bobtails and school buses under this program has been made to the Texas Commission on Environmental Quality. Rebates are restricted to non-attainment counties under terms assigned by TCEQ.

Consumer rebates. Rebate Coordinator Eileen Latham reported that from September 1, 2006, to May 11, 2007, AFRED issued \$548,000 in consumer rebates. Staff has been calling builders to generate additional interest.

The committee discussed recommendations for the fiscal 2008 consumer rebate program. On motion of Mr. Briseno (second by Mr. Maier), the committee unanimously recommended the following changes to the consumer rebate program, effective September 1, 2007:

1. Increase all rebates by \$50 from current amounts.

Propane SuperStar Home rebate from \$750 to \$800
Propane Star Home rebate from \$550 to \$600
Water heater (new construction) from \$150 to \$200
Water heater (electric replacement) from \$300 to \$350

2. Change eligibility requirements for Propane SuperStar and Star Homes.

Star Home (\$600): A new-construction home with (a) one new propane water heater; (b) one new propane furnace; (c) a new or used propane clothes dryer OR a second propane furnace and a gas drop for a propane clothes dryer; and (d) any one of the following new propane appliances: range, cook top, oven, hard-piped grill, gas log or hard-wired generator.

SuperStar Home (\$800): A new-construction home with (a) at least two new propane water heaters; (b) two new propane furnaces; (c) a new or used propane clothes dryer OR a third propane furnace and a gas drop for a propane clothes dryer; and (d) any one of the following new propane appliances: range, cook top, oven, hard-piped grill, gas log or hard-wired generator.

Training

Director of Training Thomas Petru described the new series of outlines and handouts for marketers' in-house training programs that AFRED is developing. The idea for the series came from Joe Green. New topics will be released at the rate of one per month. A complementary series of propane safety bulletins designed for marketers to give their customers is being developed at the same time. All outlines and bulletins will be posted on AFRED's web site, www.propane.tx.gov.

Thomas reported that through May 31, AFRED had held 243 classes and trained 2,516 students, an average of more than 10 students per class. Attendance at the new format 6.1 Regulatory Compliance for Managers courses has been excellent.

Certification

Certification Manager Rayfield Hearne reported that the recently ended card-renewal period had gone smoothly. Through May 31, AFRED had administered 2,502 qualifying exams. 60 percent of the exams were given outside of Austin. The failure rate is 8 percent.

Research/New Technology

Research and Technical Services Director Steve Jaeger updated the committee on current R&D projects.

Desiccant dehumidifier. All three units have been installed in Missouri under AFRED's grant from MoPERC. The units have data loggers monitor their performance. The project's goal is to have a commercially viable unit by 2008 that can be installed in Texas homes. Two companies have entered the market with electric dehumidifiers.

Forklift retrofit fuel system. Steve reported the results of tests conducted at Carnot Emission Services in San Antonio on the ECS retrofit fuel system for the 4.3L General Motors forklift engine. The tests are funded by a grant from TCEQ under its New Technology Research and Development program.

The tests are expected to lead to California Air Resources Board verification for the ECS system, which will allow older forklifts with 4.3L engines to meet 2007 emissions standards.

Heat injector appliance for poultry-house sanitizer. Mike Welch (WelchGas, Linden) has modified the sanitizer with a rake-like adapter that plows up the litter and conducts heat to the lower layer. PERC has funded a small test at a broiler operation near College Station to be held the first week in July.

A full progress report on these and other research projects will be presented on September 12 at the new technology forum.

Next Meeting; Adjournment

No date was set for the next meeting. The committee adjourned at 12:20 p.m.



Carmen Ledesma